Bland, Richard Parks

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No. 3

THE SEIGNIORAGE OF GOLD KINGS MUST GIVE PLACE TO THE FREE COINAGE OF SILVER FOR THE PEOPLE.

SPEECH

OF

HON. RICHARD P. BLAND,

OF MISSOURI,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, April 7, 1886.

The House having under consideration the bill (H. R. 5690) for the free coinage of silver, and for other purposes—

Mr. BLAND said:

Mr. SPEAKER: It is utterly impossible to fully discuss a question of the magnitude and importance of this one within the brief period of an hour. I shall therefore be compelled to confine myself to some of the principal points mooted upon the subject of the coinage of silver. It may not be inappropriate at this time to go back, and, if we can, to trace the cause of the difficulties under which silver labors to-day. We find that in 1867 a monetary commission or convention was held at Paris composed of representatives of the states of the Latin Union, Germany, Great Britain, and the principal metallic powers of the Old World, and also a delegate from the United States, Mr. Ruggles. Two years prior to that what is known as the Latin Monetary Union had been formed, made up of France, Belgium, Switzerland and Holland, afterwards joined by Roumania and Greece; the object of which was to adopt a uniform coinage for the nations thus joined in a monetary league. It was found, as a matter of course, that it was quite convenient for contiguous nations like those to have the same monetary standard, the same coinage in weight and fineness, which would be a legal tender in the several countries; for the same reason that Pennsylvania, New York, Ohio, and all the other States of this Union find it a matter of great convenience to have the same monetary system.

But it was thought by those scientific gentlemen and doctrinaires that their monetary system could be extended so as to embrace the entire civilized world, and the delegates who met at Paris in 1867 undertook to devise a scheme to unify the coinage of the world.

The first question that came up for discussion and solution was the question as to the standard—whether they should adopt the gold standard or the silver standard, or both gold and silver—and there was the beginning of what is called "the battle of the standards." These scientific gentlemen, it would seem, without taking into consideration what effect their monetary system might have upon the different nations of the world in respect to their internal trade, thought only of the question of unifying the coinage and the monetary system of the world, and they finally adopted resolutions recommending the gold standard, with silver as a subsidiary coinage or aid to the gold standard, to be limited in its use. In pursuance of that scheme Mr. Ruggles, our delegate, after having made one re-

port, sent to Congress in 1870 a supplementary report, in which he made the following statements:

The undersigned also begs to state that it was perfectly understood by the conference that none of its delegates were empowered in any way to bind their respective governments to any plan or proposition which the conference might adopt. On the contrary, time was given for laying the question before the different governments, for which purpose the conference fixed the 15th of February then next succeeding as the time for receiving answers, the undersigned expressly stating (Ex. Doc., page 74) that the United States could not give a positive answer until the subject had been submitted to Congress.

Several sittings of the conference were devoted to the subject of the double standard of gold and silver, and the necessity of gold alone for an international coinage; also to the discretion to be left to the several nations respectively in regulating their silver coins, the necessity of a period of transition for nations having the single silver standard; also to the expediency of a 15-franc gold coin, to facilitate monetary unification in the Netherlands, Germany, and Sweden.

The plan of international coinage finally adopted by the conference, with only one dissenting voice, embraces:

1. A single monetary standard exclusively of gold nine-tenths fine.
2. Coins of equal weight and diameter.
3. Of equal quality (or *titre.*)
4. The unit to consist of the weight of the existing 5-franc gold coin, with its multiples.
5. The coins of each nation to bear the names and emblems preferred by each, and to be a legal tender in all for public and private payments.

The subordinate details of the periodical examinations and assays needed for ascertaining the weight and quality of the international coins of the different nations, and also the proper regulation of the rate of "tolerance" or allowable variation in coinage, were left to a further conference or diplomatic conference or diplomatic correspondence.

After full and careful discussion the conference passed a resolution by a unanimous vote, by ayes and noes, recommending the issue of a gold coin of 25 francs, to be similar in weight and quality to the half-eagle of the United States and the sovereign of the United Kingdom. Its passage was actively urged in behalf of the United States for the reason expressed in the argument (Executive Document, page 68) that "the three gold coins, types of the three great commercial nations fraternally united and differing only in emblems, would go hand in hand around the world, freely circulating through both hemispheres without recoinage, brokerage, or other impediments.

It further appears (at page 101) that Prince Napoleon (Jérôme), president of the conference, speaking in behalf of France, declared that "if she consulted her individual convenience, she would see no necessity for issuing the new coin; but for the purpose of facilitating the work of unification she would make the concession required by the United States," adding that "the new coin would also promote the convenience both of England and of Austria." The delegate from Spain, the Count Nava de Tajo, thereupon stated that "it would equally accommodate Spain." The question being then put formally to vote, the issue of the 25 franc coin was unanimously recommended.

He also refers to a bill that had then been introduced by Mr. Hooper, of Massachusetts, as designed to carry out the scheme, or in aid of the scheme agreed upon at Paris in 1867; and in April, 1870, Mr. John Jay Knox, then Deputy Comptroller of the Currency, formulated a bill and sent it to Congress, within the provisions of which was a section demonetizing silver. Thus began the carrying out of the scheme in this country in 1870. I know it has been generally stated upon this floor and throughout the country that this Government demonetized silver or suspended its coinage because Germany had previously done so. Mr. Ruggles, our delegate to the Paris conference, in his report to the Secretary of State, says:

Apologizing for the mass of details which the necessary presentation of the subject has required, the undersigned has only to state, in conclusion, that the bill introduced into the House of Representatives by Hon. Samuel Hooper, of Massachusetts, a member of the Committee on Coinage, on the 16th of March, 1870, and now pending in the committee, reduces the weight of the gold coin of the United States to that of France, and the eight other continental nations, as hereinabove exhibited. The 124 9-20 grains specified in the bill are practically equiponderant with 8,064 milligrams.

The demonetization of silver in Germany may have hastened demonetization here; it may have been the controlling cause, but the proposition to stop the coinage of silver was pending in Congress from April, 1870, until 1873. German demonetization did not take place until December, 1870. So that we find that, immediately after the Franco-Prussian war, Germany, carrying out, I suppose, the idea of this monetary conference at Paris, adopts a gold standard, takes time by the forelock, puts her house in order, and makes ready for the coming event.

The United States, following in the footsteps of Germany, and for reasons stated by Dr. Linderman, the Director of the Mint, in his report to the Secretary of the Treasury, November 9, 1872, at which time the coinage act of 1873 was pending in Congress, in discussing the silver question in the light of its

increased production in connection with the demonetization of silver by Germany, in which he says: "The facts above stated indicate the gradual, but eventually, its certain adoption of the gold standard and consequent demonetization of silver by all commercial countries. Not only is the tendency to adopt gold as the sole standard and measure of value, but to use paper money redeemable in gold as the bulk of the circulating medium." (See Linderman, Money and Legal Tender, page 49), passed the act of 1873.

It will be remembered that during the months of January and February, immediately preceding the passage of the act of February, 1873, suspending the coinage of silver, there had been coined at our Mint nearly one million of silver dollars.

We coined in 1870	$588,308
We coined in 1871	637,929
We coined in 1872	1,112,961
We coined in January and February, 1873	977,150
	3,335,348

This shows that silver had begun to flow into our mints, and that from 1870 to 1873 $3,300,348 had been coined; that, immediately before suspension, during the months of January and February, 1873, over nine hundred thousand had been coined.

The act suspending the coinage of the standard dollar was approved February 12, 1873. In the month just prior to its passage, as before shown, we had coined nearly a million of silver dollars. This is a fact that answers the argument that we were on the exclusive gold standard when the act of February 12, 1873, demonetizing silver was passed. In 1870 we had passed a law to convert all our public debt payable in legal tender or geenbacks into a coin debt, the coin to be of the standard of January, 1870, which at that time was the gold dollar, 25.8 grains, or silver dollar, $412\frac{1}{2}$ grains. So soon as silver began to flow into our mints we cut off the supply so as make the bonds payable in gold only.

I have thus referred to the beginning, as I understand it, of what is called "the battle of the standards." We come down to 1873, when a bill was pending in Congress. After passing the Senate it came to the House; and conference committees of the Senate and House reported the bill. It was stated on the floor of the House that it made no material change in the coinage laws; that it was simply a bill to regulate the Mint laws. And I have yet to find in either branch of Congress among the gentlemen who reported and recommended the passage of that bill, or those present in the Senate or the House at the time of its passage, a single man who will admit that he voted for that bill, knowing its provisions—a single man who will assume the responsibility of having reported that bill, knowing its contents, or voting for it, knowing that there lurked in it this provision dropping from the coinage one of the metals of the world.

Mr. Speaker, if there has been any act condemned by this country, if there has been a measure against which the anathemas of the American people have been hurled more than any other it is this act suspending the coinage of the legal-tender silver dollar. If that act was a fraud, if its passage was wrong, if the American people have, as I have stated, condemned the passage of the law, what must we expect from them if the American Congress to-day, having in its power to do so, refuses to pass a bill which simply places the silver dollar where it was before the passage of that act. In such a case would we not to a certain extent at least condone the wrong?

In 1877 the House passed a bill precisely such as that now pending, except the provision as to silver certificates—almost a literal copy. This bill simply

provides that silver shall be coined at the mints of the United States for all comers on the same terms and conditions as gold, and that the silver thus coined shall be a full legal tender for all public and private debts. This simply restores the law as it was before the act of 1873—nothing more and nothing less.

Now, Mr. Speaker, we come to 1877, at which time the House passed a silver coinage bill such as I have described by a vote of 163 or 170 yeas and 34 nays. That bill went to the Senate. The Senate incorporated in it, instead of free coinage, a provision limiting the coinage to not less than $2,000,000 and not over $4,000,000 worth of bullion per month. That is the law we have to-day. What inducement had the Senate to put that provision in that bill? What is the argument in favor of sustaining the law as it is on the statute-book to-day? It was contended in the Senate, and we hear it urged to-day on this floor, that because silver bullion had depreciated, owing to demonetization or from whatever cause you please, the Government had the right to make the seigniorage the difference between the value of the coin and the market value of the bullion; in other words, inasmuch as silver had been demonetized and its bullion value thereby decreased, the Government had the right to take advantage of this law, demonetizing and depreciating silver to coin it at the ratio of its depreciation. Now, what is the effect of this? The effect is to continue the gold standard which was proclaimed for us in this convention at Paris in 1867. It makes silver in effect a subsidiary coin, not what we call technically subsidiary, but it does coin silver subject to the conditions of the gold standard; and silver coin is paid out to-day, as we are told, only so far as it may be paid out without disturbing that standard. We have then not only a limitation on its coinage, but also a limitation on its issue from the Treasury after it is coined.

In Secretary Manning's answer to the House resolution questioning his policy of silver payments (Appendix, page 33), it is shown that on the 1st of January, 1885, we had in circulation—coin silver dollars, $41,315,040; silver certificates, $113,858,811; total, $155,173,851. On the 1st of January, 1886, we had in circulation coin silver dollars, $51,411,376; certificates, $87,761,609; total, $139,172,985.

Thus we expended $24,000,000 for the supposed purpose of increasing the amount of money in circulation, the result of which was to contract the currency to the extent of $16,055,866 so far as silver is concerned.

This policy of holding silver in the Treasury so as to maintain the gold standard was adopted and enforced by Mr. Sherman, the first Secretary of the Treasury after the passage of the silver coinage act, and his policy has been persisted in by all his successors up to the present hour. In this we see the baneful influence of a bad example. What good the present limited coinage of silver was intended to have has been hampered by the failure of Treasury officials to give it a friendly execution.

Mr. SHERMAN, then Secretary of the Treasury, just before the time fixed in January, 1879, for the resumption of specie payments, when we had coined about twenty millions of silver dollars, entered into an arrangement with the New York Clearing House Association for the purpose of making a combination of the Treasury Department and the national banks of New York, composing the clearing house association, by which silver should be repudiated and demonetized as far as it was in the power of the Treasury Department and these banks to do it, and especially to demonetize it in so far as the payment of the public debt was concerned. The basis of this agreement is found in the following letter of Mr. W. A. Camp, manager of the New York Clearing House, found on page 26 Miscellaneous Document No. 34, House of Representatives, Forty-

sixth Congress, in a conference with the Committee on Coinage, Weights, and Measures, of which at that time I was a member.

No. 692.

Mr. Camp to Mr. Sherman.

NEW YORK CLEARING HOUSE,
14 *Pine Street, New York, November* 12, 1878.

SIR: I have the honor to report that a meeting of the Clearing House Association was held this day at the clearing house. Fifty out of fifty-eight banks' members of the association being present, the following resolutions were unanimously adopted:

"*Resolved*, That in order to facilitate the payment of drafts and checks between the Treasurer of the United States and the associated banks, the manager of the New York Clearing House is authorized to make such an arrangement with the assistant treasurer as will accomplish the purpose through the medium of the clearing house.

"*Resolved*, That the reported interview between the members of the clearing house committee and the Secretary of the Treasury, with the views expressed by them to him in the paper presented to this meeting upon the subject of the restoration of specie payments, meets the cordial approbation of this association, and that the practical measures recommended for the adoption of the banks in respect to their treatment of coin in their business with the public and with each other, be accepted and carried into practical operation; and, in pursuance thereof, it is hereby further

"*Resolved*, That the associated banks of this city, after the 1st of January, 1879, will, first, decline receiving gold coins as 'special deposits,' but accept and treat them as lawful money; second, abolish special exchanges of gold checks at the clearing house; third, pay and receive balances between banks at the clearing house, either in gold or United States legal-tender notes; fourth, receive silver dollars upon deposit only, under special contract to withdraw the same in kind; fifth, prohibit payments of balances at the clearing house in silver certificates, or in silver dollars, excepting as subsidiary coin, in small sums (say under $10); sixth, discontinue gold special accounts, by notice to dealers, on 1st of January next, to terminate them.

"*Resolved*, That the manager of the clearing house be requested to send copies of the proceedings of this meeting to clearing houses in other cities, with an expression of the hope that they will unite in similar measures for promoting the resumption of coin payments.

Very respectfully,

W. A. CAMP, *Manager.*

Hon. JOHN SHERMAN,
Secretary, Washington, D. C.

It will be observed that this letter specifically prohibits the payment of silver dollars or silver certificates from the Government in the settlement of clearing-house balances, all payments being confined to gold or legal-tender notes convertible into gold; and convertible into gold because of the ruling of Mr. Secretary Sherman giving creditors the choice of demanding and receiving gold in the redemption of greenbacks or other debts held by them against the Government after January, 1879.

Under this arrangement silver was virtually repudiated by the Government and by the national banks. From that day to this the policy inaugurated by Mr. Sherman has been adhered to by the Treasury Department; and that, too, notwithstanding the law of 1882, prohibiting national banks from thus refusing silver. Every law passed by Congress and looking to the circulation of silver has thus been repudiated by this combination of the national banks, Government creditors and the Treasury Department. The question is, ought not the law be so changed as to permit free coinage? Then the money would never reach the Treasury. It would be coined for all persons like gold, and would never reach the Federal Treasury except by way of taxation.

In so far as you restrict this coinage you restrict the right of the debtor class to pay their debts in the legal-tender metal; and this restriction is adopted for the purpose of continuing the gold standard and preventing the minting of silver except in limited quantities, in order to make money more valuable, to depreciate all property and all prices, and to compel debts to be paid by the gold standard instead of the standard regulated by gold and silver freely coined at your mints.

Now I want to discuss further this seigniorage question, and discuss it upon principle; for, as I understand it, it is one of the most important questions we have to discuss here.

Our gold and monometallic friends, and some of our silver friends also, think if we coin silver free we simply pay to the bullion-holders the difference between

80 cents and $1. That is to say, bullion to-day in the markets of the world, measured by gold, is worth but 80 cents, and therefore, if you open the mints of the Government for all the bullion to go there to be coined into silver dollars and legal tenders, you to that extent give the bullion holder 20 cents on each dollar more than he is entitled to to-day. Is that so? For if it be true, Mr. Speaker, then all that has been contended for under the principle of free coinage is admitted. You acknowledge that for which we have contended, that free coinage will have the effect to give silver the same value as gold, and that under it every coined piece of silver will be at par with gold at the ratio of 16 to 1. It is worth it to-day. Every silver dollar that has been coined at our mints is worth a gold dollar. Who can say that all we may coin will not be worth a gold dollar.

And when gentlemen tell us this law will restore silver to the same value as gold, but that in doing so we give the seigniorage or profit to the bullion-holders, they simply admit all that has been contended for, and that is the silver dollar and the gold dollar will be at par everywhere. Does any gentleman object to that?

The only serious argument made against the coinage of silver is that it will not restore this parity of value—that it will not give that value to it—that it is not possible for the coinage laws of any country to give additional value to a metal. If that is true, then the argument about seigniorage is a myth and a humbug.

But we are told it is also true that for a short time this loose bullion will be gathered up and brought here and dumped down upon us, and they will get a dollar for it in gold or its equivalent, and after they have coined up the surplus—how much they do not know—then silver will begin to sink and go down to bullion value again. How convenient this question is for our gold monometallists? Drive them from one point, turn their own batteries against them, and then they go off into the realms of prophecy. [Laughter.] They rise up here and tell us that if we do this or that certain things will occur. Now, Mr. Speaker, if the old Jewish law were in effect here to place false prophets beyond the outer walls and there stone them to death—if the law were in force in this country to-day we would have many less of these bold prophets among us. [Laughter.]

If this predicted fall of silver be true, it means that gold also would fall, because silver being tied to gold by free coinage both must fall together. That is, labor and the products of labor and all species of property would rise, being measured not by gold only but by a volume of money swelled by unlimited mintage of silver.

But on this question of seigniorage again, and I hope I will be pardoned, for I will have to be somewhat disconnected, how much interest do you want the Government to make, and at whose expense must it be made? We are making, it is said, 20 cents on the silver dollar to-day in the way of seigniorage. How can you make more? I suppose the only way to make more is to coin less. Let us only coin $1,000,000 a month of silver and perhaps we will make 30 cents on the dollar; and if that is not enough, let us go down and coin only $500,000 a month. Then we could make 50 cents of seigniorage on the dollar. If that is not enough, and it does not seem to be with some, then coin only $1,000 a month, and you can make still more seigniorage in the dollar.

The law permits us on the other hand to coin $4,000,000 a month. If that law is executed up to the maximum of $4,000,000, the seigniorage will be less in the dollar, but the bullion-holder will be making money out of the Government again.

So, Mr. Speaker, when you come to the question of seigniorage you come into the vital question of gold and silver coinage. None but the tyrants of the old world, the kings, and those who desire to make money out of the people, ever charge seigniorage, except that which is necessary to pay the cost of coinage.

I will further explain this point.

An argument of the opponents of free coinage is that silver bullion at the ratio of 16 to 1, or 412½ grains of silver to 25.8 of gold, gives to the owner of silver bullion, or the silver miner, 20 cents on the dollar on his bullion.

This, at first blush, looks plausible, but it is not true, unless, as before stated, the coined dollar, by virtue of its coinage and legal-tender power, has this greater value; and if it does, then all the silver bullion, having free access to our mints, is at once restored to a parity with gold bullion at our ratio, for no one would take less for his bullion than the price fixed at the mint—that is, every piece of silver bullion containing 412½ grains of standard silver is at once worth one dollar, less the expense of coinage. It is worth one dollar because the holder can take it to the mint and have it coined into a dollar.

Then there will be no more buying and selling of silver bullion in the market; unless, at this ratio, it should go to a premium over gold, for it will have a fixed value at the mint. This now being the law as to gold bullion, we would then have silver and gold bullion at par. The owner of silver would then have the same advantages as the owner of gold—no more, no less. Free access to the mint, it must be admitted, is greatly to the advantage of the holder of either of the precious metals, but it is an advantage they must necessarily have as long as we make metal money the standard of values; and so long as we maintain such a standard it is necessary to coin free in order to have a sufficient supply of money.

Seigniorage, or a gain to the Government in coinage, is a tax on the money of the people.

The idea of gain to the Government in coinage grows out of the old idea that the king should have his profits out of the coinage permitted at his mints. The consequence of this prerogative was that the greater the king's tax, or seigniorage charge, the less amount of money there was coined; because the tax or charge tended to drive the holder of the metals from the king's mint to some other mint where the tax was lighter. Discovering this, that the mint seigniorage was driving the metals out of his realm and rendering his subjects destitute of money, his mints were finally opened to the free coinage of the metals for all comers thereto. Our Government has the most odious form of tax on silver. It limits its coinage, thus depreciating its value 20 cents on the dollar in order to buy it at that rate in the market. In order to accomplish this we coin only $2,000,000 worth per month, while we produce four million per month. Now, all our silver thus inhibited from coming to our mints is driven to the mints of other nations, or taxed out of circulation. In this way $24,000,000 of our own production is annually lost to our money circulation that ought to be coined at our mints. Who is benefited by this operation? It is the owners of gold, for the more silver we thus drive away the more is the gold worth which remains, by reason of the scarcity thus created in our circulating medium. By this operation the bondholders, the mortgage owners, and all classes of creditors are largely benefited, because it makes gold, the money in which his securities must be paid, more valuable.

If there were only $2,000 in all this country, and by some means one-half of it should be lost, the remaining half would become at once worth just as much as the whole formerly was to the creditor, while it would at the same time impose on one who happened to be a debtor exactly double the burden to pay

his debt that he would have been under without the loss. It is quite plain, therefore, why the bondholding and creditor class are willing to outlaw silver at our mints. Seigniorage then is a tax not on the silver miner merely; it is a tax on the vast body of our people who need this money to pay their debts with. It is a tax on labor and the product of labor. It is a tax on the laborer because he can not get work unless there is money to employ him. It is a tax on wheat, corn, cotton, meats, and manufactured products, because these products get no market unless laborers get money to buy them. For this reason bread and clothing are cheap because there is no demand for them, and no demand because there is no money to buy with

There are a million of men out of employment in this country because there is not sufficient money among the people to employ them. The report of the Bureau of Labor Statistics, just published, shows this large number of men to be idle, and that in the last year we lost $300,000,000 by this lack of employment. These men have nothing to buy with; hence they must suffer almost to starvation while bread is cheap. Thus we have the awful spectacle of millions starving and naked in the midst of plenty. Gentlemen call this overproduction. I call it underconsumption, caused by a lack of money to effect exchanges. This want of money is caused by the tax or limitation put on the coinage of silver in order that the gold kings may have their seigniorage of 20 cents in the way of dear money, brought about by driving silver out of the country, and to other countries, India, for instance, where it is utilized in stimulating the production of wheat and cotton there to compete with our own productions of these staples. Of all the rascally wrongs perpetrated on our people this seigniorage business, or limited coinage, is the most insidious because of its apparent plausibility.

If the silver miner, or bonanza kings as they are termed by the wily gold advocates, were the only sufferers it would matter but little. If they were not satisfied with their status they could hunt some other calling. But if we are to rely on the metals for money we ought to have all the metal that can find its way to our mints.

Hence it has always been considered a blessing to have both silver and gold miners to delve into the earth for us in quest of the precious metals for our money

It is the invention of latter-day legislation to enact statutes to drive from us the metals out of which we coin money, either by seigniorage, tax, or limitations on their coinage. Down with the fraud!

We should have no such prerogatives of seigniorage here for the special benefit of the gold kings. Let the king's prerogative go. The monopoly of gold must go. Gold is not king, nor is silver, but in this free country the people must exercise all kingly prerogatives.

What is the principle of free coinage? And you will pardon me if I state a few elementary principles connected with the subject of metallic money before I proceed further. For bimetallic coinage of gold and silver you first establish your ratio. We have done that two or three times in our history, changing the relation of gold to silver, never changing the silver dollar—it was always the gold dollar. When you have established the ratio of coinage you continue at the mints the unlimited coinage of both metals at that ratio.

Having done this, the law of supply and demand regulated the volume. This was our monetary system from 1792 until 1873, when, under the pretext of amending the mint act, the provision that authorized the coinage of a legal-tender silver dollar was omitted, and thus, in effect, demonetizing silver.

Without discussing the circumstances under which this demonetization was done or the purposes for which the same was accomplished, it may be said that

the act was passed at a time when the country was on a paper basis, neither metal being in circulation. Therefore, it was done at a time when legislation, with reference to the coin circulation of the country, was not likely to attract the attention of the people.

This act was clearly an infraction of the true theory of bimetallism, and in conflict with the Constitution. It assumes that Congress should exercise the power of controlling the volume of money, by prohibiting the coinage of one of the monetary metals recognized in the Constitution. If, under the Constitution, Congress has the power to prohibit or limit the coinage of silver, so it has that of gold.

To admit that it can demonetize one of the metals is to admit that it can demonetize both; therefore, the gold monometallists, who are so swift in their denunciations of the Supreme Court for holding that Congress has the power to issue paper legal tenders, should consider the result of their own theory of monetary science. For, if Congress has the power to demonetize the metals, it must necessarily result in exercising the authority claimed by the decision of the Supreme Court—that is, in printing legal-tenders and forcing them into circulation.

As a constitutional question, it is here claimed that Congress has no lawful right to demonetize either gold or silver; but it is the plain duty to provide for the coinage of both at some regulated value or ratio. The Constitution says: "The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin." Again, "No State shall * * * make anything but gold and silver coin a tender in payment of debts."

By the mint act of 1792 the silver dollar as it is now coined—that is to say, a dollar containing $371\frac{1}{4}$ grains of pure silver, was made the standard of value, and was continued until 1873, when it was dropped from the coinage.

But again we are confronted with the statement, and I have heard it made by my distinguished friend from New York [Mr. Hewitt], who sits in front of me, who stated in the Forty-eighth Congress that if we gave unlimited coinage to silver its effect would be the loading of vessels from India, France, from Germany, and from other silver nations with their silver, which would be dumped down upon us.

THE DUMP FROM EUROPE.

The enemies of free coinage of silver allege that its effects would be to cause all the silver of other countries to be dumped down upon us. The same persons also claim that free coinage would not increase the value of silver.

These positions are wholly inconsistent.

If the free coinage of silver will not raise its bullion value then all the silver that would be sent here would be sold at a great loss. France has six hundred millions of silver coin at par with gold at the ratio of $15\frac{1}{2}$ to 1, Germany about two hundred millions, India a thousand millions, Great Britain one hundred millions, all at par with their gold coin.

The bullion value here is but 80 cents to the dollar at our ratio, and would be about 77 cents at their ratio; hence France would lose about 23 cents on the dollar by sending her silver here to exchange for our gold, or about $138,000,000 on her entire stock of silver coin which she now carries at par with the gold; India over two hundred millions, and other nations in like proportion, making for them, combined, a total loss in their circulating medium of $437,000,000. Does any sane person believe that such an exchange would ever be made? And that, too, in the face of the fact that none of these countries, unless it be France,

now have a large enough circulation to meet the wants of their people? Not a single dollar would be thus exchanged.

Should free coinage restore silver and gold bullion to a parity at our ratio of 16 to 1 they would still lose 3 per cent. by the exchange, or about $57,000,000. These facts would effectually bar such an exchange and inundation of silver we hear so much about.

Gold will buy more silver here than in any other country, and silver will buy more gold in any other country than here, unless it be in Mexico where it is a little cheaper than here.

Why then talk of losing our gold for cheap silver? There is no such thing as cheap coined silver. As compared to the price of labor and all commodities silver is worth more than it was twenty-five years ago. Gold has risen everywhere. The Edinburgh *Review* of January, 1886, in an article upon the scarcity of gold, after reviewing the prices of the world, says:

In short, so far as information could obtain upon this subject, it certainly supports the conclusion reported by the American commission of 1876, that while there has been no fall in the value of silver in any country the value or purchasing power of gold has risen in all countries.

As to manufactured silver, that, of course, had its value enhanced many fold by the labor bestowed upon it.

The silver in a spoon, cup, or pitcher is worth on account of this labor four or five times as much as it would be worth in bullion or coin. As to the bullion there is practically none except the annual product of the mines, which is about one hundred and fifteen million annually, as estimated by the Director of the Mint. More than one-fourth of this, or about forty million, annually goes into the arts for manufactures and ornaments. So there is but about seventy million remaining for coinage. We now coin about twenty-seven million of this; India coined last year thirteen million; Mexico, twenty million.

The report of the Director of the Mint shows the coinage of the various countries for the calendar year 1884, as follows:

COINAGES OF THE WORLD.

So far as advices have been received, coinages were executed during the calendar year 1884, in eighteen countries of the world, amounting in round numbers to $99,500,000 in gold and $90,000,000 in silver As heretofore the United States has been the largest coiner of both metals. The coinage of gold by Australia was only $1,800,000 less than that of the United States. The gold coinage of Russia amounted to $19,840,540—within $4,000,000 of that of the United States. Germany coined nearly $14,000,000, and Great Britain over $11,000,000.

In the coinage of silver, Mexico is but little behind the United States, having coined $25,000,000 as against $28,000,000 by this Government. The silver coinage of India was $13,800,000—a large decline from the coinages of recent years of that country—and of Spain nearly $7,000,000.

I am, very respectfully, yours,

JAMES P. KIMBALL,
Director of the Mint.

This shows a coinage of ninety million of dollars in silver, or twenty million more than the annual production after deducting forty million used in the arts and for ornamentation.

It is thus seen there is no surplus silver, except that which is from time to time thrown upon the market before it can find its way to the mints.

Were our mints open at all times, there never would be a surplus in the markets; consequently our coinage value would be the standard of its bullion value.

It will be borne in mind that all the silver now in use as money to the amount of $3,000,000,000 is at par with gold. It is this vast amount of coined mass of silver that should govern in adopting a ratio for our coinage rather than the small amount that from time to time may be thrown upon the market in London to be depreciated by speculators as necessities of owners may determine. The fact is the most of the silver of the world is at par with gold at 15½ to 1. What we want to do is to coin what little we may be able to get. We will get none of Europe's stock, because no Frenchman, Englishman, German, nor even ignorant Indian or Hindoo will give his silver in exchange for gold when he

must do so at a loss of 3 cents on every dollar, as he would do to send it here. Nor will any American exchange his so-called 80-cent dollar for 97 cents in gold, nor for 99 cents.

Now let us inquire what would be the effect of free coinage? It would settle, to begin with, a great and important question, a question probably the most important to the American people of all others now pending or that will be pending until this is settled; and gentlemen need not suppose that they can long postpone the settlement either. What is the difficulty to-day? We began to coin silver in 1878. From 1878 to 1879 and 1880, 1881, and 1882 there was a revival of prosperity in the country. We resumed specie payments, and because we were coining silver which aided us according to Mr. SHERMAN. But no sooner had we coined about $50,000,000 than Mr. SHERMAN, then Secretary of the Treasury, began to clamor for its demonetization and suspension. This clamor was on the ground that we had coined as much as would circulate on a par with gold. He began it, and through all these years 1879, 1880, 1881, 1882, 1883, 1884, every President of the United States and every Secretary of the Treasury has been clamoring for the demonetization of silver until the whole country has become excited and the national banks, which the Government chartered, have set their faces steadily against it and have undertaken to demonetize it so far as in their power.

This silver question ought to be settled. It is disturbing the business interests of the country. Men who are capitalists, that have money to loan, claim that should we suspend coinage they would then know that the money they might loan would come back to them in kind as to value; that the coinage of silver will bring us to the silver standard, and then the money they might loan now would be paid back to them in a depreciated currency. For this reason they claim they can do better by holding on to their money. This causes money to be hoarded, and depresses business. They say if we suspend coinage they will put their money out. All this seems plausible. But if a revival at all, such a revival would be spasmodic, and of short duration. It would be such activity as a galvanic battery would impart to a corpse—a spasmodic flutter, without living, circulating blood to sustain it.

Being thus brought to the single gold standard, with the output of the gold mines constantly decreasing, an annual supply of only ninety millions and seventy-five millions of that going annually in the arts, manufactures, and ornamentation, as statistics show, where would the giant America get the circulating life-blood in the way of money to keep alive? It is preposterous nonsense. A grain of gold would be worth its weight in diamonds. England, France, Germany, and all the gold countries are deprecating gold scarcity and the consequent depression of trade and hard times. If the over-developed and densely-populated countries of the Old World find the gold standard too narrow, how can we in this new country, just entering upon a new era of industrial development, increasing population and enterprises, limit business to the gold standard? It cannot and will not be done. The money proposed for us by the gold advocates, to consist of gold and bank notes only, will not be accepted. A revival of business will come with free coinage of silver—not otherwise.

My friends who say they are in favor of silver but are against unlimited coinage, remind me a good deal of the adage we heard during the war in regard to certain gentlemen who were in favor of the war, but opposed to its prosecution. If one piece of silver bullion is fit for coinage, the whole of it is. And if it is not all fit for coinage none of it should be coined, not a dime. There is no compromise or half-way house in this matter; and when gentlemen oppose free coinage they should consider how near they are approaching the gold camp.

That was the mistake in 1878 in the Senate, according to my view of it. Had they passed the free coinage bill then, and could that bill have become a law, all this difficulty about silver, and all this distress and unsettlement of business never would have occurred. Whatever you may say against silver coinage I have heard no gentlemen yet offer a substitute for it. Nothing except to stop its coinage and get to a single gold standard.

Now what would be the consequence of a single gold standard? We have six hundred millions of gold to-day. Will any gentleman assert that that is sufficient metallic money for our sixty millions of people? If not, where are you going to get the rest, when to-day you find that Germany and Great Britain, and even France, the whole of Europe, are ready to go to war before they will give up a grain of gold. They can afford to see the streets of their large cities run with the blood of their laborers; they can afford to see their populace starving; they can afford to go to war, but they cannot afford to give up one grain of gold without bringing on probably internal or civil war among themselves.

And where are you to-day in this country on the gold standard? You are not much better off. We are in the same condition—probably not so bad—but we have difficulties at home. We have been trying the gold standard. It has proved a failure here and everywhere up to this very hour, and is confessed to be a failure by the very gentlemen who were most active in bringing it about.

I believe the most of our gold advocates have turned to be bimetallists. They are in favor of bimetallism with a condition which has heretofore proven to be an utterly impossible condition, and that is the condition that Great Britain, and Germany, and France agree with us to coin silver at an international ratio. That was the delusion that prevented the settlement of this question in 1878, when, as I have stated, the House passed a bill giving free coinage to silver. It went to the Senate. The idea the Senate had was to limit the coinage until we got an agreement with foreign countries, and it provided in the bill for an international conference. We sent our commissioners to Paris. They held that conference, and what was the result? Why, the delegations from other countries simply told our commissioners if they believed in silver, it was good for money, they said, "Go home and coin it." That in substance Mr. Dana Horton and Mr. Walker were among the gentlemen representing us. They did not like the treatment they received, and in connection with Mr. Cernuschi, and other bimetallists of Europe, they conceived an idea that if this country would stop the coining of silver we could flood England with cheap silver bullion, and in that way bulldoze her into submitting to an international agreement. And that was the outcome of the monetary conferences at Paris in 1878 and 1881.

Now, I want to remark in passing, these bimetallists are international bimetallists. Their whole theory is based on the idea of having metallic money that will be good money at par everywhere; that a piece of silver will be the same in our coinage as in France and throughout Europe so that you can travel wherever you please without having to submit to brokerage. But this is almost impossible without disarranging the monetary affairs of various nations. As I have stated the double-standard and gold-standard interfere; and on the other hand these gentlemen did not take cognizance of the fact that a national trade, ours for instance, amounting to $10,000,000,000 requires a consumption of money at home of vastly more importance to our people than international trade.

But, Mr. Speaker, this idea has been a failure. This idea of international coinage, this idea of an agreement between the nations of the world in a standard or coinage, has never occurred from the very dawn of history until now,

except among the Latin states and Scandinavia. But is there any reason to suppose that by suspending the coinage of silver here and sending the bullion to Great Britain and to other European countries that that is going to terrify them so much? What is the difficulty to-day, especially with our Southern producers of cotton and our farmers in finding a market for our Western wheat?

We find that European countries, by purchasing silver bullion and sending it to India, are stimulating the industries of India to such an extent that its wheat and cotton are coming in competition with ours. I will not go into statistics—I have not the time—to show the vast increase in the production of India, during the past few years, of wheat, which is taking the place of our Western wheat and can come here and compete with us at home. The very fact that we have demonetized silver and sent it abroad, has stimulated India in the production of these commodities. I can not go into an explanation of this point here, but I will print in my remarks some extracts going to show how the result is produced. Silver being demonetized in England and cheap when converted into bullion, it is not a paying business for India to settle her balances in England in silver, but it does pay her to sell her wheat and settle her balances in that way.

Now, Mr. Speaker, we have the advice of Mr. Cernuschi in last Sunday's Herald as to the best way out of our difficulty. I can not state his proposition precisely, but in substance it is this: If a free coinage bill should fail to pass, or, having passed, should be vetoed, he proposes that we purchase silver, so much every month and send it to England; that we purchase say $600,000 worth of silver bullion one month and ship it to London, double the amount the next month, and so on until, within the year, we shall have dumped down upon the London market about $22,000,000 worth of silver bullion, selling it at a lower rate every month, and in that way make a panic in the silver market and disturb the exchange between Great Britain and India, so that Great Britain will succumb and enter into a pact with France and the United States for the purpose of restoring silver.

Now, if it be true that Great Britain and France and those European countries are getting cheaper wheat and cotton from India with this cheap silver, certainly that would disarrange nothing. But is that statesmanship; is that sensible? If it is statesmanship, if it is sensible, and if Mr. Cernuschi is so anxious to have a par with Great Britain, France, and Germany—and certainly there is some reason why those countries should have the same money—let France and Mr. Cernuschi go into the market and buy the silver and ship it to England and run the risk. That they do not do it shows the fallacy of the argument. He says that France has got six hundred millions of silver that she wants to get rid of. If that is so, why not dump that silver down on the London market and strike terror into the Englishmen and compel them to submit to French dictation? Suppose this scheme should fail; suppose that (as we are invited to do by the gold advocates) we suspend silver coinage, for the purpose of shipping this silver bullion and disturbing the English exchange and flooding Europe with cheap silver in order to bring them to better terms—suppose that policy fails and we find, after we have demonetized silver and suspended its coinage and adopted this plan, that it does not have the desired effect, in what condition are we left?

As to Mr. Cernuschi and his bimetallic school, no matter which way it goes they have won. They do not believe in bimetallism unless it can be international bimetallism; in order to carry into effect their particular views upon the monetary question, they are quite willing that the United States shall step into the breach and suffer all the loss and all the consequences, if their predictions and theories prove to be fallacious. Mr. Cernuschi is certainly a gentleman

of education and ability; there is no doubt of his being well versed in financial questions, but, like other gentlemen, and probably myself among them, he may be a little inconsistent at times, and certainly he has changed his views within the past few years. To show this, I propose to read an extract from his statement before the silver commission of the United States in 1876, of which body I was at the time a member.

Hon. Mr. Bogy, at that time a Senator from Missouri, asked him this question:

By retaining sixteen here, and fifteen and a half there (in France) our silver of course would go right to France. Would not that compel France to abandon the bimetallic system?

Answer. The policy of France would be not to coin, but to wait. France committed a great mistake when in 1874, after the example given by Belgium, she limited the coinage of silver. It has been a great mistake. If France had continued to coin silver freely the German silver would have flowed into France and some of the gold of France would have flowed into Germany, and silver would have maintained everywhere its value relatively to gold. In limiting the mintage a difference has been created between the value of bullion and the value of coin.

This, gentlemen, is the authority quoted on this floor by the gold advocates; yet he insists, and it no doubt is the fact, that had France continued the free coinage of silver, there would have been no silver question to-day, because for seventy years—so long as silver was coined free—gold and silver were at a parity at the French ratio of 15½ to 1. This is Mr. Cernuschi's statement, notwithstanding he has made a different and inconsistent statement in a little pamphlet which we have all had occasion no doubt to read, copies having been sent to us by Mr. Manton Marble, called The Great Metallic Powers.

Now, if it be true that France by continuing the free coinage of silver could have maintained the parity between the two metals, what may we expect by free coinage in the United States? Why, Mr. Speaker, we have a bimetallic union of our own. Under a bimetallic constitution we have a bimetallic union consisting of thirty-eight States in addition to the Territories. This bimetallic union includes a population of 60,000,000, and an area of over 3,000,000 square miles, embracing 2,000,000,000 acres of land. Here is a bimetallic union compared with which the Latin Union is a mere bagatelle so far as the resources of the future are concerned. Having a population of 60,000,000, increasing at the rate of 1,000,000 annually spread over this vast area, before we could coin the quantity of silver that France has to-day we would have a population probably as large as or larger than that of the Latin Union, whose territory compared with ours is insignificant.

I say, then, if it was possible for France in 1874 to continue the parity of the two metals by free coinage how much more is it possible to-day for this great Government of ours to do what little France could have done. And where is all this surplus silver bullion that gentlemen speak of? We have been threatened with the surplus silver of Germany. But there is more. She did melt down and sold a quantity at a loss in the beginning; but the silver bars have gone into subsidiary coin, as will appear from the following extract taken from the New York Bankers' Magazine:

[From the New York Bankers' Magazine of February, 1886.]

A city paper has been led into an error in supposing that the German Government has any such great sum as $75,000,000 locked up in silver bullion. All that it had ever acquired was in buying up silver coins with a view to melting them into bars for sale. When that operation was brought to a sudden halt in May, 1879, it was believed to have some silver melted down but not sold, but the amount has always been understood to be small, although no official statement about it has ever been made. There has been a recent increase of the German subsidiary coinage, to correspond with the increase of population as shown by the census of 1885, and statements have been made in German newspapers that the small quantity of melted-down silver belonging to the government was used up in that way.

So all the silver Germany has is in circulation to-day as money. It circulates on a par with gold; and her people are demanding more silver coinage, instead of demonetization. The surplus silver bullion which has been talked of does

not exist at all, except that produced from the mines from month to month which does not reach the mint, and is thrown upon the London market, where like all other commodities—wheat, corn, oats, or anything else—it sells at lower rate than it did ten or fifteen years ago. Like anything else which does not find a ready market at a fixed price, it must bear the loss consequent upon the depression of trade, and the loss consequent upon the exactions made on the necessities of the person holding by those who desire to purchase.

Suppose silver is 20 cents lower than gold and will so continue after we provide for free coinage, what then? All statisticians admit that so far as the value of silver is measured by commodities there has been no fall of silver whatever.

Then the question comes up, shall we in adjusting this ratio put more silver in a dollar or less gold in a dollar in order to do justice to debtor and creditor and to the business interest of the country? That is a debatable question. But the gold advocates and the suspensionists make no proposition on that subject, But simply say, "Because silver has depreciated therefore we will coin none of it; we will have nothing to do with it." Why, sir, in all our history, whenever there has appeared any disparity in the market value of the two metals it has been remedied by readjusting the ratio. No one has ever before contended for demonetizing a metal because it happened to fall in the market. Yet that is the proposition made to us to-day. If gentlemen propose to increase the bullion value of the silver dollar I say that is a debatable question; but they show there is no sincerity in proclaiming that they want bimetallism when they ask us to totally demonetize silver and suspend its coinage, simply because there is a depreciation in its value.

Mr. Speaker, in our past history silver was never before demonetized. At one time the silver dollar was worth 3 cents more than gold; but the mints remained open, so that when the ratio might change silver would come back to our mints. Mr. Gallatin, in his report to Mr. Ingham, Secretary of the Treasury in 1830, upon the state of the coinage, makes this significent statement in reference to bimetallism:

The whole amount of the inconvenience arising from the simultaneous use of the two metals consists in this: Their relative value being fixed by law, if this changes at market, the debtor will pay with the cheapest of the two metals; and, therefore, at a rate less than the standard agreed on at the time of making the contract, if the change in the market price is due to a fall in that of the metal with which he pays his debt; and it is obvious, in the first place, that if the change is due to the rise in value of one of the two metals, and that had been the only legal tender, the choice given to the debtor to pay with either enables him to do it according to the standard first agreed on.

But the true answer is, that the fluctuations in the relative value of the gold and silver coins arising from the demand exceeding or falling short of the supply of either are less in amount than the fluctuations, either in the value of the precious metals as compared with that of all other commodities or in the relative value of bullion to coin, and even then the differences between coins, particularly gold coins, issued from the same mint; and, therefore, that those fluctuations in the relative value of the two species of coin are a quantity which may be neglected, and is, in fact, never taken into consideration at the time of making the contract.

By this I understand that where you are using and coining both metals debtors have the right to pay in the cheaper, and that the equity of the contract is not disturbed by this unless the cheaper metal has fallen in value as compared with commodities; if it has not, then the equity of the contract is preserved. On this point Mr. Weston, in his work on the silver question, says, "Upon this Mr. Gallatin observes that it will not be true that the debtor pays less than was agreed, unless the change in the market price is due to a fall in that of the metal in which he pays his debts," and that "if the change is due to the rise" of the other metal, he pays all that was agreed.

An argument which was made, I say, in 1830 when it was to be considered coolly and calmly, without our present contest, and coming from a gentleman whose integrity and financial ability none can dispute. That is to say, the equity of contracts is not disturbed unless the value of bullion has fallen as com-

pared with commodities, and confessedly silver has not fallen as compared with commodities.

And when gold advocates ask us to demonetize silver in order to crush out the silver as money of this country and to build up gold monometallists, they are asking what the American people will never assent to, and gentlemen had as well make up their minds to it. [Applause.]

I know that in 1878 by limiting the coinage of silver providing for this international conference they expected finally to get their hands on the law to stop its coinage, and that is their only hope to-day. But I say that hope will be in vain; and they need not depend on it. I tell you the silver advocate who is an opponent to free coinage, as I said before, must get out of that position and take sides either for silver or against it. These half-hearted supporters will not satisfy their constituents on that subject. They, their constituents, are brave enough to do it. They are brave enough to say it shall be as it was from 1792 down to 1873. We tried the double standard then and it proved to be beneficent. And if you have argued until your brain begins to boil as though it was burning within you; if you have investigated this subject until you do not know what you ought to do with it, if in doubt, then do what the history of the country teaches you to do, and do as the people want—make money of gold and silver—go back to the laws of your fathers. In 1873 a great wrong was perpetrated on the American people, and if there is any doubt what ought to be done that doubt ought to be solved in favor of undoing an admitted wrong on the people of this country.

Mr. Speaker, how much time have I left?

The SPEAKER. The gentleman has one minute of his time remaining.

Mr. BLAND. There are other phases of this subject I had intended to allude to, but I shall not do so. I would not ask that my time be extended as there are other gentlemen who wish to speak, and it would not be right to encroach upon the time, it being already so limited that many gentlemen cannot be heard.

I wish to say in conclusion, Mr. Speaker, that if I had not believed in free coinage I would not believe in any coinage. No man can support himself in this House or before his people upon the present law. I never advocated it. I took it simply as a compromise, as better than no law at all. I advocate it or hold to it to-day and stand to it because I believe in free coinage; because I believe silver ought to be coined, and coined free. If I did not believe it ought to be coined free I would not advocate the coinage of one cent of it. It is illogical policy. The idea of making money of silver or gold and limiting its coinage is an anomaly in the history of money. To limit the coinage of silver is an outrage upon the constitutional rights of the people. [Applause on both sides of the House.]

Mr Speaker, I want to say as I said in the Forty-eighth Congress, I have not for twenty years owned one cent's worth of mining interest, either gold or silver, and may add never did own any such property that did not prove a loss to me, nor do I own a Government or other bond, nor a share in any national bank. I am impelled to this statement because the gold press has endeavored to make it appear that I have a personal interest to subserve, because at one time, over twenty years ago, I resided in California and Nevada.

To sum up—the demonetization of silver is the outcome of the convention held at Paris by so-called experts and doctrinaires. The theories of these learned gentlemen, whose financial opinions the world is asked to view with awe, having been put in practice, have depressed prices, demoralized trade, and turned millions of law-abiding laborers into strikers and mobs. They have compelled the

payment of all sorts of debts in the dearest money of the world—money made dear by the attempted elimination of one-half of the money metal of the world from its legitimate use as a debt-paying and labor-employing medium—the effect of which upon the American farmer and producer has been to drive his breadstuffs and cotton out of European markets In this way India, with a population of 250,000,000 of people, is under the government of Great Britain. For this boon to India (?) Great Britain charges a good round sum, called "Home charges against India," and which are paid in what are called "council drafts," drawn in favor of England by the secretary for India. These drafts, it seems, amounted to about $80,000,000 in 1884.

Now, India, having no money but silver, can not afford to pay these charges, which are payable only in gold or its equivalent, in her silver, nor to settle any other balances against her in silver, for her silver, when it reaches London, where it is no longer money, must be placed on the market and sold as bullion at a loss equal to the depreciation of silver below gold. Hence Indian merchants, to avoid this loss, buy up wheat, corn, flour, and cotton, and send them to England in payment of Indian debts or balances. This operation stimulates the production of these articles for export, and in consequence there has been an enormous increase in India's exports of breadstuffs and cotton to England; and, further, we find that these exports are driving our wheat and cotton out of European markets.

Again, silver being worth more as money in India than as bullion in England, is imported into India for the purpose of employing laborers in building railways and in opening up wheat and corn fields, and in this way India is not only destined to drive us out of European markets, but it is claimed can at this time place wheat in New York, and even in Chicago, cheaper than we can raise it. Thus our gold policy is driving the products of our silver mines to India, there to be used as money to employ Hindoos to raise wheat, corn, and cotton in direct competition with the farmers of America. By this means the cheap Hindoo laborer is made the active competitor of our own farmers and laborers, fifty-two millions of silver having thus gone to India the past year.

Why not give free coinage to silver here so as to permit our people to employ laborers to stimulate our own productions? Why send it to India for the purpose of stimulating the development of that country to the depression of our own agricultural interests? Are they of so little importance as to deserve this fate Will the day never come when others will be made to share with the agriculturists and laborers of our land the burdens of hard times?

On this point I quote Mr. Moreton Frewen, an English writer, in the October number of the Nineteenth Century, who, after noting the drain on India's money resources by reason of the decline in silver bullion, says:

> India, therefore, looks round for an intermediary which has not lost its exchange value in gold to the same extent as has silver, and such an intermediary to effect the exchanges is to be found in wheat, as well as in other commodities of native production. In putting the government in the place of a trader in produce I do not, of course, mean that the Indian Government themselves export the wheat, but they sell council drafts, and the exchange is made by Indian merchants, who sell their wheat and cotton in England for gold and with that gold pay the interest on the debt. And while the value of silver estimated in gold has depreciated, its purchasing power to buy commodities in India has not fallen; that is, the ryot who sells his wheat for silver gets no more silver than before for the bushel of wheat.
>
> The change, therefore, in the ratio of silver to gold exercises a twofold influence on trade: it encourages selling to England because English gold buys more silver, and this silver has as yet not lost its purchasing power when brought back to India; and it discourages buying from England, because Indian silver buys less gold, and less of those commodities which have to be paid for in gold; and this tendency to increase exports and diminish imports will continue till silver has been attracted to Indian in such amounts as to expand the currency there and occasion a rise of all prices. And the only explanation of the fact that silver has not already flowed to India in sufficient quantity to expand the currency is to be found in the effect of the return current of silver to England to pay the disbursements of the Indian Government; and thus it happens that, although India

annually sells to England commodities to the amount of twenty millions in excess of those she buys from England, yet the specie, the silver received by India from England, does not exceed four millions sterling.

APPENDIX.

Mr. Moreton Frewen, an English writer of note, in the Nineteenth Century of October, 1885, on the subject of "Gold scarcity and the depression," makes the following observation on the effect of the demonetization:

People of little education are accounting for low prices on the hypothesis of a general overproduction; but it is hardly necessary to point out that, while overproduction in any particular trade is frequent and quickly adjusts itself, general overproduction is impossible. What is really taking place at present, all the world over, is a rapid readjustment of prices toward the point from which they were violently disturbed by the immense gold discoveries of 1849 and the succeeding twenty years. By the time that this readjustment is complete, if it is allowed to continue so long, every trader who bought anything between the years 1855 and 1875, the years of cheap gold, and who adopted a standard of living compatible with the profit percentage of those times, will find himself, from no mistake of judgment of his own, probably ruined, but certainly the loser by twenty years of steady toil. And of the possibility of this gold shrinkage we have been repeatedly warned both by geologists and by political economists.

The position that when the production of gold expands, prices measured in gold will be high, and that when the volume of gold contracts, prices will fall—this statement had only to be enunciated to be accepted as self-evident. It is not necessary to illustrate the position further than to say that, should the output of gold, now diminishing so steadily, continue to decline until only five sovereigns remained to be a measure of value for mankind, the fortunate possessor of one of these could buy, if he pleased, diamonds the size of the Koh-i-nor for shirt buttons; so enormons under such conditions would be the purchase-power of gold! And if we compare a table of the prices of to-day with the prices obtained only five years since, what do we find? That prices have fallen more than 20 per cent. Instead, then, of an impossible position of general overproduction, we have to consider a particular instance of lessened production. Prices all around are falling lower and still lower because that circulating medium which measures values has diminished.

Again, the same author says:

Mr. Alexander Delmar, an authority on currency subjects in America, and who was a Federal office-holder at that time, has recently stated publicly that he knows who the financiers in Europe were who had enormously oversold Indian council drafts and other silver securities, and between whom and the realization of great profits was the single obstacle of the free coinage and legal tender position of silver in the United States. In any case the fact remains that currency alterations of enormous future importance were sanctioned by Congress, neither party having the least idea of the reforms which were smuggled through under their very eyes. Upon a motion to codify the mint laws for the sake of public convenience, the word dollar was omitted in one context and added in another. The omission was from the list of coins which the Secretary of the Treasury might allow to be coined, and in this way the dollar coinage was limited to those coins already in circulation. The addition was where this dollar had been previously excepted from the class of smaller token coins, which were not legal tender for more than $5. The old act thus mutilated became law. Congressmen rubbed their eyes when later they were shown the statutes and that the dollar of their fathers had been legislated away. Some were candid enough to confess that they had been tricked through their ignorance of currency laws, an ignorance which, judging from the activity of certain speculators on the European bourses, had been very profitably forecast on this side of the sea.

The prosperity of India as compared with our decline in the export of cotton, year commencing September 1:

From September 1 to December 31—

	Bales.
1884	816,594
1885	668,134
Decline in 1885	148,460

India cotton shipments:

	Bales.
In 1880	913,000
In 1884	1,214,000
Increase	301,000

Over 33 per cent.

The exports of India's manufactured cotton in 1876, the year of the demonetization of the trade-dollar, was 6 630,000 rupees, or less than $3,500,000; comparing with now (1884-'85), 33,380,280 rupees, or over $16,500,000. Similar figures for the United States in 1876 were $7,722,978, and now, in 1884-'85, they are $11,836,691. That is, while our foreign shipments were four and one-half millions more than India's in 1876, they are now nearly four and one-half millions less.

In 1879 we had 10,111,587 spindles in the North and 542,048 in the South.

India had, in 1879, 1,100,112 spindles, while in 1885 she had 2,145,646, almost doubling its capacity; while in the United States we have to-day 13,250,000 spindles, an increase of only 31 per cent.

In 1876 India produced and exported to foreign countries 6,228,000 pounds of yarn, while in 1885 she exported 65,897,000 pounds, over 1,000 per cent.

Her other manufactured cotton goods, in 1876, amounted to 14,344,000 yards, while in 1885 they included 47,820,000 yards.

Exports of wheat for the month of December, 1884, 8,261,153 bushels; December, 1885, 4,211,850 bushels.

Exports of flour for the month of—

December, 1884	barrels...	1,016,617
December, 1885	do......	757,829

Total value of breadstuffs for six months, July 1 to December 31—

1883	$88,014,626
1884	79,700,507
1885	52,998,732

India wheat was exported to Europe in 1876 to the amount of 96,000 bushels; last year (1885) over 42,000,000 bushels.

Corn, unknown almost in 1883, is now one of the leading export articles of India to Europe.

Wheat crops, always two in one year, but often three crops; corn, two crops.

Average price of silver from 1744 to 1843, inclusive; also the value of a piece of silver same as our dollar, 412.6 grains, .900 fine.

Period.	Value per ounce. In Hamburg.	Value per ounce. In America.
	Pence.	*Dollars.*
1744 to 1750	63 1/8	1 06.95
1751 to 1760	64 3/4	1 09.75
1761 to 1770	63 11-16	1 07.95
1771 to 1780	64 3/8	1 09.10
1781 to 1790	63 7/8	1 08 25
1791 to 1800	61 1/4	1 03.60
1801 to 1810	60 7-16	1 02.40
1810 to 1820	60 13-16	1 03.15
1821 to 1830	59 11-16	1 01.15
1831 to 1840	60 1/8	1 01.85
1841 to 1843	59 3/4	1 00.90

Average price of silver in Hamburg for one hundred years, 62*d*, and our American dollar equal to $1.05 in value, while during the same period the price of silver in England averaged 64 2 11*d*., and our dollar was worth $1.08 65.

Annual export prices of the principal commodities exported from British India during the year ending March 31, 1875, to 1884, inclusive.

[Computed from data obtained from British India Statistical Abstract of 1884.]

Articles.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.	1884.
Coffee ......cwt.	$20 35	$21 28	$21 33	$21 91	$22 02	$22 01	$21 04	$20 19	$18 97	$20 33
Cotton, raw ......do.	13 26	12 90	12 54	13 20	12 98	13 74	14 19	12 92	12 50	13 76
Rice ......do.	1 33	1 27	1 42	1 84	2 06	1 84	1 62	1 40	1 32	1 55
Wheat ......do.	2 23	1 76	1 71	2 19	2 40	2 49	2 14	2 22	2 09	2 06
Jute, raw ......do.	2 89	2 62	2 83	3 14	3 07	3 18	3 30	3 26	2 75	3 18
Oils ......galls.	61	41	30	36	61	59	48	44	44	43
Opium ......chests.	614 15	614 08	161 61	648 77	693 26	660 58	717 91	677 21	608 66	[illegible]97 68
Silk, raw ......lbs.	2 24	1 55	2 59	2 20	1 98	1 76	1 99	54	1 91	1 89
Spices ......do.	06	07	08	08	08	09	11	09	10	11
Sugar, refined ......cwt.	3 43	3 62	4 25	4 56	4 63	3 77	3 83	3 56	3 37	3 23
Tea ......lbs.	44	43	46	44	44	39	32	36	31	33
Wool, raw ......do.	22	22	22	20	19	20	22	19	19	19

WM. F. SWITZLER, *Chief of Bureau.*

TREASURY DEPARTMENT, BUREAU OF STATISTICS, *Washington, D. C., March* 2, 1886.

The Indian fiscal year ends on the 31st of March.

During the fiscal year ending March 31, 1884, the excess of imports of silver over exports was $32,174,445, but increased to $35,598,877 during the year ending March 31, 1885. (Senator Hill's address at Providence.)

During the calendar year ending December 31, 1885, according to figures obtained from the Bureau of Statistics, India imported $57,760,089 of silver, and exported only $5,562,949, which makes a net import of $52,197,140. In this calculation, the silver is reckoned at its coining rate at our mints, being the same rate at which the Mint Bureau computes the silver production in this country, Mexico, and South America.

In the Report of the Director of the Mint for 1885, and at page 37, giving

the monetary statistics of various countries, we find the following tables of the exports and imports of the precious metals:

GREAT BRITAIN AND IRELAND.

Minister Lowell, under date of April 1, 1885, transmits a communication from Mr. Fremantle, the deputy master of the mint of Great Britain, containing replies to the inquiries contained in the circular of the Secretary of the Treasury.

Description.	Value.	Value in United States money.
Gold coinage	£2,324,015	$11,[illegible]
Silver coinage	658,548	3,204,8[illegible]4
Imports, gold	10,870,000	52,898,855
Exports, gold	11,725,000	57,059,712
Net loss, gold	855,000	4,160,857
Imports, silver	9,535,000	46,402,077
Exports, silver	9,720,000	47,302,380
Net loss, silver	185,000	900,303

The amount of gold coin in circulation and in banks at the end of 1884 was estimated to have been £123,309,000 ($600,083,248), and of silver £19,877,000 ($96,731,420). The amount of bank notes outstanding at the same date was £40,924,713 ($199,160,115).

Mr. Fremantle states that throughout Great Britain gold and silver coin and bank notes are taken in business transactions at par.

FRANCE.

Hon. Levi P. Morton, under date of March 9, 1885, furnishes a statement from the French Minister of Finance containing the information desired by this Government.

The only colnage executed at the French mints during the year 1884 was 120,000 silver piasters for the colony of Cochin, China.

	Coin.		Bullion.	
	Francs.		*Francs.*	
Imports, gold	69,069,306	$13,330,376	58,354,997	$11,262,514
Exports, gold	71,515,596	13,802,510	10,276,962	1,983,453
Loss	2,446,290	472,134		
Gain			48,078,035	9,279,061
Imports, silver	79,522,523	15,347,846	21,709,127	4,189,861
Exports, silver	35,071,912	6,768,879	11,243,202	2,169,937
Gain	44,450,611	8,578,967	10,465,925	2,019,924

GERMANY.

Minister Kasson forwards under date of April 27, 1885, a communication from the minister of foreign affairs of the German Empire, giving the information called for by the circular of the Secretary of the Treasury, except in regard to the imports and exports, which statement is forwrded under date of May 11, 1885, by Mr. Chapman Coleman, secretary of legation.

The coinage of the German mints during the calendar year 1884 was, gold, 57,661,740 marks ($13,723,494; silver, 483,336 marks ($114,319).

The import of gold coin was 4,407 kilograms ($2,928,892), and of gold bullion 2,649 kilograms ($1,760,525), making a total of 7,056 kilograms $4,689,417).

The export of gold coin was 8,340 kilograms ($5,542,764), and of gold bullion 3,434 kilograms ($2,282,236), making a total of 11,774 kilograms ($7,825,000), a net loss by export of 4,718 kilograms ($3,135,582).

The imports of silver coin were 5,647 kilograms ($234,730), and of silver bullion 33,088 kilograms ($1,375,137), making a total of 38,736 kilograms ($1,609,868)

The exports of silver coin were 3,673 kilograms ($152,649), and of silver bullion 104,491 kilograms ($4,342,646), making a total of 108,164 kilograms ($4,495,295), a net loss by export of 69,428 kilograms ($2,885,427).

This shows that Great Britain lost in that year over four millions of gold, and Germany over three millions of gold and ten millions of silver; while France, a double-standard country, gained nine millions of gold and ten millions of silver; and the United States

Imported gold	$26,691,746
Exported gold	8,477,892
Gained in gold	18,213,854

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TITLE